



ANNUAL STATEMENT

For the Year Ended December 31, 2008

of the Condition and Affairs of the

UNITED FINANCIAL CASUALTY COMPANY

NAIC Group Code.....155, 155	NAIC Company Code..... 11770	Employer's ID Number..... 36-3298008
(Current Period) (Prior Period)		
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... June 13, 1984	Commenced Business..... August 10, 1984	
Statutory Home Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182	
	(Street and Number) (City or Town, State and Zip Code)	
Main Administrative Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182	440-461-5000
	(Street and Number) (City or Town, State and Zip Code)	(Area Code) (Telephone Number)
Mail Address	P.O. BOX 89490..... CLEVELAND OH 44101-6490	
	(Street and Number or P. O. Box) (City or Town, State and Zip Code)	
Primary Location of Books and Records	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182	440-395-4460
	(Street and Number) (City or Town, State and Zip Code)	(Area Code) (Telephone Number)
Internet Web Site Address	PROGRESSIVE.COM	
Statutory Statement Contact	MARY BETH ANDREANO	440-395-4460
	(Name)	(Area Code) (Telephone Number) (Extension)
	FINANCIAL_REPORTING@PROGRESSIVE.COM	440-446-7168
	(E-Mail Address)	(Fax Number)

POLICYHOLDER SERVICES AND CLAIMS REPORTING -- 1-800-PROGRESSIVE (1-800-776-4737)

OFFICERS

Name	Title	Name	Title
MICHAEL WILLIAM BISSLER #	PRESIDENT	PATRICIA MITCHELL CORWIN	SECRETARY
JOHN ANDREW BARBAGALLO #	TREASURER		

OTHER

PATRICIA ONODY BEMER	(VICE PRESIDENT)	WILLIAM RAYMOND KAMPF	(VICE PRESIDENT)
SANDRA LEE RIHVALSKY	(VICE PRESIDENT)	MARGARET ANN ROSE	(ASST. SECRETARY)

DIRECTORS OR TRUSTEES

JOHN ANDREW BARBAGALLO #	PATRICIA ONODY BEMER	MICHAEL WILLIAM BISSLER #	WILLIAM RAYMOND KAMPF
DALE ALAN WILLIS			

State of..... OHIO
County of..... CUYAHOGA

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
MICHAEL WILLIAM BISSLER #	MARGARET ANN ROSE	JOHN ANDREW BARBAGALLO #
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
PRESIDENT	ASSISTANT SECRETARY	TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me	a. Is this an original filing?	Yes [X] No []
This 18TH day of FEBRUARY, 2009	b. If no	1. State the amendment number
		2. Date filed
		3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	1,285,344,236		1,285,344,236	1,018,526,593
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	70,421,200		70,421,200	117,548,691
2.2 Common stocks.....	66,038,783	8,370,541	57,668,242	217,574,019
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....0, Sch. E-Part 1), cash equivalents (\$.....1,600,000, Sch. E-Part 2) and short-term investments (\$....43,564, Sch. DA).....	1,643,564		1,643,564	357,390
6. Contract loans (including \$.....0 premium notes).....			0	
7. Other invested assets (Schedule BA).....			0	
8. Receivables for securities.....	141		141	825,660
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	1,423,447,924	8,370,541	1,415,077,383	1,354,832,353
11. Title plants less \$.....0 charged off (for Title insurers only).....			0	
12. Investment income due and accrued.....	13,815,378		13,815,378	15,618,782
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	40,994,482	3,308,867	37,685,615	41,641,807
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	229,061,122		229,061,122	250,154,279
13.3 Accrued retrospective premiums.....	49,584	496	49,088	41,302
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	(173)		(173)	(2,172)
14.2 Funds held by or deposited with reinsured companies.....			0	
14.3 Other amounts receivable under reinsurance contracts.....			0	
15. Amounts receivable relating to uninsured plans.....			0	
16.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
16.2 Net deferred tax asset.....	88,463,066	40,849,356	47,613,710	51,155,088
17. Guaranty funds receivable or on deposit.....			0	
18. Electronic data processing equipment and software.....			0	
19. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
21. Receivables from parent, subsidiaries and affiliates.....	39,256,388		39,256,388	49,921,745
22. Health care (\$.....0) and other amounts receivable.....			0	
23. Aggregate write-ins for other than invested assets.....	1,141,579	648,349	493,230	637,867
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	1,836,229,350	53,177,609	1,783,051,741	1,764,001,051
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	1,836,229,350	53,177,609	1,783,051,741	1,764,001,051

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301. STATE UNEARNED SURCHARGE RECOVERABLE.....	493,230		493,230	502,242
2302. PREPAID EXPENSES.....	639,288	639,288	0	
2303. MISCELLANEOUS OTHER ASSETS.....	9,061	9,061	0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	135,625
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	1,141,579	648,349	493,230	637,867

UNITED FINANCIAL CASUALTY COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	646,920,974	521,717,066
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	95,410,268	116,103,282
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	134,204,059	118,564,330
4. Commissions payable, contingent commissions and other similar charges.....	407,026	994,408
5. Other expenses (excluding taxes, licenses and fees).....	156,413	434,126
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	5,072,600	9,522,842
7.1 Current federal and foreign income taxes (including \$.....1,218,871 on realized capital gains (losses)).....	12,364,393	8,081,561
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0).....	506,465,649	542,620,819
10. Advance premium.....	5,077,208	5,733,094
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	(9,764)	531
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....		765
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	20,864,520	18,986,971
19. Payable to parent, subsidiaries and affiliates.....		
20. Payable for securities.....		
21. Liability for amounts held under uninsured plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	4,977,668	5,165,896
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	1,431,911,014	1,347,925,691
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	1,431,911,014	1,347,925,691
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	3,008,000	3,008,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	190,373,432	190,370,773
33. Unassigned funds (surplus).....	157,759,295	222,696,587
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....		
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39).....	351,140,727	416,075,360
36. TOTALS (Page 2, Line 26, Col. 3).....	1,783,051,741	1,764,001,051

DETAILS OF WRITE-INS		
2301. STATE PLAN LIABILITY.....	4,471,196	4,537,347
2302. OTHER LIABILITIES.....	351,010	588,522
2303. ESCHEATABLE PROPERTY.....	155,462	40,027
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	4,977,668	5,165,896
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

UNITED FINANCIAL CASUALTY COMPANY
STATEMENT OF INCOME

UNDERWRITING INCOME		1	2
		Current Year	Prior Year
1.	Premiums earned (Part 1, Line 35, Column 4).....	1,221,951,471	1,289,473,122
DEDUCTIONS			
2.	Losses incurred (Part 2, Line 35, Column 7).....	742,243,141	782,105,259
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	143,103,916	140,040,131
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	247,340,440	256,276,016
5.	Aggregate write-ins for underwriting deductions.....	0	0
6.	Total underwriting deductions (Lines 2 through 5).....	1,132,687,497	1,178,421,406
7.	Net income of protected cells.....		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	89,263,974	111,051,716
INVESTMENT INCOME			
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....	64,965,940	54,968,434
10.	Net realized capital gains (losses) less capital gains tax of \$.....(8,260,938) (Exhibit of Capital Gains (Losses)).....	(107,905,654)	964,556
11.	Net investment gain (loss) (Lines 9 + 10).....	(42,939,714)	55,932,990
OTHER INCOME			
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....181,396 amount charged off \$.....9,617,260).....	(9,435,864)	(8,072,186)
13.	Finance and service charges not included in premiums.....	6,044,841	6,470,652
14.	Aggregate write-ins for miscellaneous income.....	6,018,184	8,534,144
15.	Total other income (Lines 12 through 14).....	2,627,161	6,932,610
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	48,951,421	173,917,316
17.	Dividends to policyholders.....		
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	48,951,421	173,917,316
19.	Federal and foreign income taxes incurred.....	49,929,826	55,525,186
20.	Net income (Line 18 minus Line 19) (to Line 22).....	(978,405)	118,392,130
CAPITAL AND SURPLUS ACCOUNT			
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	416,075,360	426,371,423
22.	Net income (from Line 20).....	(978,405)	118,392,130
23.	Net transfers (to) from Protected Cell accounts.....		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(2,520,746).....	(3,961,708)	3,551,406
25.	Change in net unrealized foreign exchange capital gain (loss).....		
26.	Change in net deferred income tax.....	34,036,717	1,465,995
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	(49,129,534)	3,054,812
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29.	Change in surplus notes.....		
30.	Surplus (contributed to) withdrawn from protected cells.....		
31.	Cumulative effect of changes in accounting principles.....		
32.	Capital changes:		
32.1	Paid in.....		
32.2	Transferred from surplus (Stock Dividend).....		
32.3	Transferred to surplus.....		
33.	Surplus adjustments:		
33.1	Paid in.....	2,659	(39,760,406)
33.2	Transferred to capital (Stock Dividend).....		
33.3.	Transferred from capital.....		
34.	Net remittances from or (to) Home Office.....		
35.	Dividends to stockholders.....	(45,000,000)	(97,000,000)
36.	Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1).....		
37.	Aggregate write-ins for gains and losses in surplus.....	95,638	0
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(64,934,633)	(10,296,063)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	351,140,727	416,075,360

DETAILS OF WRITE-INS		
0501.	.....	.....
0502.	.....	.....
0503.	.....	.....
0598.	Summary of remaining write-ins for Line 5 from overflow page.....	0
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0
1401.	FINANCE & SERVICE CHARGE REVENUE ASSUMED.....	4,927,737
1402.	INTEREST INCOME ON INTERCOMPANY BALANCES.....	985,664
1403.	MISCELLANEOUS OTHER INCOME.....	104,783
1498.	Summary of remaining write-ins for Line 14 from overflow page.....	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	6,018,184
3701.	CHANGE IN ELIMINATION IN DEFERRED UNREALIZED GAIN PER SSAP 25 NET OF CAPITAL GAINS TAX.....	95,638
3702.	.....	.....
3703.	.....	.....
3798.	Summary of remaining write-ins for Line 37 from overflow page.....	0
3799.	Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	95,638

UNITED FINANCIAL CASUALTY COMPANY
CASH FLOW

		1	2
		Current Year	Prior Year
CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance.....	1,209,559,769	1,287,093,998
2.	Net investment income.....	86,910,034	72,586,274
3.	Miscellaneous income.....	2,886,251	7,076,416
4.	Total (Lines 1 through 3).....	1,299,356,054	1,366,756,688
5.	Benefit and loss related payments.....	637,734,246	603,068,123
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7.	Commissions, expenses paid and aggregate write-ins for deductions.....	380,101,964	374,329,938
8.	Dividends paid to policyholders.....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....(10,551,329) tax on capital gains (losses).....	37,386,056	47,966,210
10.	Total (Lines 5 through 9).....	1,055,222,266	1,025,364,271
11.	Net cash from operations (Line 4 minus Line 10).....	244,133,788	341,392,417
CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds.....	589,661,289	806,163,210
12.2	Stocks.....	145,022,739	49,617,777
12.3	Mortgage loans.....		
12.4	Real estate.....		
12.5	Other invested assets.....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7	Miscellaneous proceeds.....	825,519	
12.8	Total investment proceeds (Lines 12.1 to 12.7).....	735,509,547	855,780,987
13.	Cost of investments acquired (long-term only):		
13.1	Bonds.....	894,923,090	916,921,911
13.2	Stocks.....	50,723,593	191,055,463
13.3	Mortgage loans.....		
13.4	Real estate.....		
13.5	Other invested assets.....		
13.6	Miscellaneous applications.....		817,785
13.7	Total investments acquired (Lines 13.1 to 13.6).....	945,646,683	1,108,795,159
14.	Net increase (decrease) in contract loans and premium notes.....		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(210,137,136)	(253,014,172)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes.....		
16.2	Capital and paid in surplus, less treasury stock.....	2,659	(39,760,406)
16.3	Borrowed funds.....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5	Dividends to stockholders.....	45,000,000	97,000,000
16.6	Other cash provided (applied).....	12,286,863	48,255,059
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(32,710,478)	(88,505,347)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	1,286,174	(127,102)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year.....	357,390	484,492
19.2	End of year (Line 18 plus Line 19.1).....	1,643,564	357,390

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
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UNITED FINANCIAL CASUALTY COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....				.....0
2.	Allied lines.....				.....0
3.	Farmowners multiple peril.....				.....0
4.	Homeowners multiple peril.....				.....0
5.	Commercial multiple peril.....				.....0
6.	Mortgage guaranty.....				.....0
8.	Ocean marine.....				.....0
9.	Inland marine.....	.....41,866,036	.....22,657,261	.....19,692,205	.....44,831,092
10.	Financial guaranty.....				.....0
11.1	Medical malpractice - occurrence.....				.....0
11.2	Medical malpractice - claims-made.....				.....0
12.	Earthquake.....				.....0
13.	Group accident and health.....				.....0
14.	Credit accident and health (group and individual).....				.....0
15.	Other accident and health.....				.....0
16.	Workers' compensation.....				.....0
17.1	Other liability - occurrence.....	.....12,734,247	.....5,897,149	.....5,873,933	.....12,757,463
17.2	Other liability - claims-made.....				.....0
18.1	Products liability - occurrence.....				.....0
18.2	Products liability - claims-made.....				.....0
19.1, 19.2	Private passenger auto liability.....	.....127,029,653	.....35,305,412	.....35,364,929	.....126,970,136
19.3, 19.4	Commercial auto liability.....	.....670,509,906	.....328,384,906	.....307,874,775	.....691,020,037
21.	Auto physical damage.....	.....333,660,310	.....150,337,575	.....137,658,639	.....346,339,246
22.	Aircraft (all perils).....				.....0
23.	Fidelity.....				.....0
24.	Surety.....				.....0
26.	Burglary and theft.....				.....0
27.	Boiler and machinery.....				.....0
28.	Credit.....				.....0
29.	International.....				.....0
30.	Warranty.....				.....0
31.	Reinsurance - nonproportional assumed property.....				.....0
32.	Reinsurance - nonproportional assumed liability.....				.....0
33.	Reinsurance - nonproportional assumed financial lines.....				.....0
34.	Aggregate write-ins for other lines of business.....	.....(3,852)	.....38,515	.....1,167	.....33,496
35.	TOTALS.....	.....1,185,796,300	.....542,620,818	.....506,465,648	.....1,221,951,470

DETAILS OF WRITE-INS

3401.	GAP ADDENDUM.....	.....(3,852)	.....38,515	.....1,167	.....33,496
3402.	.....				.....0
3403.	.....				.....0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	.....0	.....0	.....0	.....0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	.....(3,852)	.....38,515	.....1,167	.....33,496

UNITED FINANCIAL CASUALTY COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

		1	2	3	4	5
Line of Business		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....					.....0
2.	Allied lines.....					.....0
3.	Farmowners multiple peril.....					.....0
4.	Homeowners multiple peril.....					.....0
5.	Commercial multiple peril.....					.....0
6.	Mortgage guaranty.....					.....0
8.	Ocean marine.....					.....0
9.	Inland marine.....	19,692,205				19,692,205
10.	Financial guaranty.....					.....0
11.1	Medical malpractice - occurrence.....					.....0
11.2	Medical malpractice - claims-made.....					.....0
12.	Earthquake.....					.....0
13.	Group accident and health.....					.....0
14.	Credit accident and health (group and individual).....					.....0
15.	Other accident and health.....					.....0
16.	Workers' compensation.....					.....0
17.1	Other liability - occurrence.....	5,873,933				5,873,933
17.2	Other liability - claims-made.....					.....0
18.1	Products liability - occurrence.....					.....0
18.2	Products liability - claims-made.....					.....0
19.1, 19.2	Private passenger auto liability.....	35,364,929				35,364,929
19.3, 19.4	Commercial auto liability.....	307,874,775				307,874,775
21.	Auto physical damage.....	137,658,639				137,658,639
22.	Aircraft (all perils).....					.....0
23.	Fidelity.....					.....0
24.	Surety.....					.....0
26.	Burglary and theft.....					.....0
27.	Boiler and machinery.....					.....0
28.	Credit.....					.....0
29.	International.....					.....0
30.	Warranty.....					.....0
31.	Reinsurance - nonproportional assumed property.....					.....0
32.	Reinsurance - nonproportional assumed liability.....					.....0
33.	Reinsurance - nonproportional assumed financial lines.....					.....0
34.	Aggregate write-ins for other lines of business.....	1,167	.....0	.....0	.....0	1,167
35.	TOTALS.....	506,465,648	.....0	.....0	.....0	506,465,648
36. Accrued retrospective premiums based on experience.....						.....
37. Earned but unbilled premiums.....						.....
38. Balance (sum of Lines 35 through 37).....						506,465,648
DETAILS OF WRITE-INS						
3401.	GAP ADDENDUM.....	1,167				1,167
3402.	.....					.....0
3403.	.....					.....0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	.....0	.....0	.....0	.....0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	1,167	.....0	.....0	.....0	1,167

(a) State here basis of computation used in each case: Pro Rata and Rule of 78s

UNITED FINANCIAL CASUALTY COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business		1	Reinsurance Assumed		Reinsurance Ceded		6
		Direct Business (a)	2	3	4	5	Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
1.	Fire.....						0
2.	Allied lines.....						0
3.	Farmowners multiple peril.....						0
4.	Homeowners multiple peril.....						0
5.	Commercial multiple peril.....						0
6.	Mortgage guaranty.....						0
8.	Ocean marine.....						0
9.	Inland marine.....	3,373,104	38,492,932				41,866,036
10.	Financial guaranty.....						0
11.1	Medical malpractice - occurrence.....						0
11.2	Medical malpractice - claims-made.....						0
12.	Earthquake.....						0
13.	Group accident and health.....						0
14.	Credit accident and health (group and individual).....						0
15.	Other accident and health.....						0
16.	Workers' compensation.....						0
17.1	Other liability - occurrence.....	843,750	11,890,497				12,734,247
17.2	Other liability - claims-made.....						0
18.1	Products liability - occurrence.....						0
18.2	Products liability - claims-made.....						0
19.1, 19.2	Private passenger auto liability.....	11,868,224	115,161,429				127,029,653
19.3, 19.4	Commercial auto liability.....	437,202,659	233,294,637			(12,610)	670,509,906
21.	Auto physical damage.....	174,602,791	159,057,519				333,660,310
22.	Aircraft (all perils).....						0
23.	Fidelity.....						0
24.	Surety.....						0
26.	Burglary and theft.....						0
27.	Boiler and machinery.....						0
28.	Credit.....						0
29.	International.....						0
30.	Warranty.....						0
31.	Reinsurance - nonproportional assumed property.....	.XXX.					0
32.	Reinsurance - nonproportional assumed liability.....	.XXX.					0
33.	Reinsurance - nonproportional assumed financial lines.....	.XXX.					0
34.	Aggregate write-ins for other lines of business.....	(3,852)	0	0	0	0	(3,852)
35.	TOTALS.....	627,886,676	557,897,014	0	0	(12,610)	1,185,796,300

DETAILS OF WRITE-INS

3401.	GAP ADDENDUM.....	(3,852)					(3,852)
3402.	.....						0
3403.	.....						0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	(3,852)	0	0	0	0	(3,852)

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

If yes: 1. The amount of such installment premiums \$.....0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire.....				0			0	
2.	Allied lines.....				0			0	
3.	Farmowners multiple peril.....				0			0	
4.	Homeowners multiple peril.....				0			0	
5.	Commercial multiple peril.....				0			0	
6.	Mortgage guaranty.....				0			0	
8.	Ocean marine.....				0			0	
9.	Inland marine.....	1,185,328	15,355,213		16,540,541	2,406,267	2,326,501	16,620,307	37.1
10.	Financial guaranty.....				0			0	
11.1	Medical malpractice - occurrence.....				0			0	
11.2	Medical malpractice - claims-made.....				0			0	
12.	Earthquake.....				0			0	
13.	Group accident and health.....				0			0	
14.	Credit accident and health (group and individual).....				0			0	
15.	Other accident and health.....				0			0	
16.	Workers' compensation.....				0			0	
17.1	Other liability - occurrence.....	21,383	4,408,948		4,430,331	4,090,854	4,619,104	3,902,081	30.6
17.2	Other liability - claims-made.....				0			0	
18.1	Products liability - occurrence.....				0			0	
18.2	Products liability - claims-made.....				0			0	
19.1, 19.2	Private passenger auto liability.....	4,486,693	84,039,656	(195)	88,526,544	73,126,195	77,530,142	84,122,597	66.3
19.3, 19.4	Commercial auto liability.....	168,630,329	144,084,966		312,715,295	560,517,955	434,144,204	439,089,046	63.5
21.	Auto physical damage.....	111,396,690	83,402,497	(4,750)	194,803,937	6,774,422	3,075,404	198,502,955	57.3
22.	Aircraft (all perils).....				0			0	
23.	Fidelity.....				0			0	
24.	Surety.....				0			0	
26.	Burglary and theft.....				0			0	
27.	Boiler and machinery.....				0			0	
28.	Credit.....				0			0	
29.	International.....				0			0	
30.	Warranty.....				0			0	
31.	Reinsurance - nonproportional assumed property.....	XXX			0			0	
32.	Reinsurance - nonproportional assumed liability.....	XXX			0			0	
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
34.	Aggregate write-ins for other lines of business.....	22,586	0	0	22,586	5,276	21,713	6,149	18.4
35.	TOTALS.....	285,743,009	331,291,280	(4,945)	617,039,234	646,920,969	521,717,068	742,243,135	60.7
DETAILS OF WRITE-INS									
3401.	GAP ADDENDUM.....	22,586			22,586	5,276	21,713	6,149	18.4
3402.	.....				0			0	
3403.	.....				0			0	
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	22,586	0	0	22,586	5,276	21,713	6,149	18.4

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				.0				.0	
2. Allied lines.....				.0				.0	
3. Farmowners multiple peril.....				.0				.0	
4. Homeowners multiple peril.....				.0				.0	
5. Commercial multiple peril.....				.0				.0	
6. Mortgage guaranty.....				.0				.0	
8. Ocean marine.....				.0				.0	
9. Inland marine.....	187,723	1,157,481		1,345,204	119,856	941,207		2,406,267	411,401
10. Financial guaranty.....				.0				.0	
11.1 Medical malpractice - occurrence.....				.0				.0	
11.2 Medical malpractice - claims-made.....				.0				.0	
12. Earthquake.....				.0				.0	
13. Group accident and health.....				.0				(a).0	
14. Credit accident and health (group and individual).....				.0				.0	
15. Other accident and health.....				.0				(a).0	
16. Workers' compensation.....				.0				.0	
17.1 Other liability - occurrence.....	21,609	3,046,635		3,068,244	(21,526)	1,044,136		4,090,854	644,327
17.2 Other liability - claims-made.....				.0				.0	
18.1 Products liability - occurrence.....				.0				.0	
18.2 Products liability - claims-made.....				.0				.0	
19.1, 19.2 Private passenger auto liability.....	3,652,399	44,055,393		47,707,792	1,243,814	24,174,589		73,126,195	16,824,593
19.3, 19.4 Commercial auto liability.....	297,807,879	164,215,009	7,006	462,015,882	62,395,078	36,106,995		560,517,955	112,538,244
21. Auto physical damage.....	10,432,902	6,793,263		17,226,165	(5,260,230)	(5,191,513)		6,774,422	3,782,963
22. Aircraft (all perils).....				.0				.0	
23. Fidelity.....				.0				.0	
24. Surety.....				.0				.0	
26. Burglary and theft.....				.0				.0	
27. Boiler and machinery.....				.0				.0	
28. Credit.....				.0				.0	
29. International.....				.0				.0	
30. Warranty.....				.0				.0	
31. Reinsurance - nonproportional assumed property.....	XXX.			.0	XXX.			.0	
32. Reinsurance - nonproportional assumed liability.....	XXX.			.0	XXX.			.0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX.			.0	XXX.			.0	
34. Aggregate write-ins for other lines of business.....	4,200	.0	.0	4,200	1,076	.0	.0	5,276	2,531
35. TOTALS.....	312,106,712	219,267,781	7,006	531,367,487	58,478,068	57,075,414	.0	646,920,969	134,204,059

DETAILS OF WRITE-INS

3401. GAP ADDENDUM.....	4,200			4,200	1,076			5,276	2,531
3402. ....				.0				.0	
3403. ....				.0				.0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	4,200	.0	.0	4,200	1,076	.0	.0	5,276	2,531

(a) Including \$.0 for present value of life indemnity claims.

UNITED FINANCIAL CASUALTY COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	19,172,868			19,172,868
1.2 Reinsurance assumed.....	7,491,151			7,491,151
1.3 Reinsurance ceded.....	(64,344)			(64,344)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	26,728,363	0	0	26,728,363
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		58,544,072		58,544,072
2.2 Reinsurance assumed, excluding contingent.....		48,793,707		48,793,707
2.3 Reinsurance ceded, excluding contingent.....		(2,867)		(2,867)
2.4 Contingent - direct.....		985,636		985,636
2.5 Contingent - reinsurance assumed.....		1,342,150		1,342,150
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	109,668,431	0	109,668,431
3. Allowances to manager and agents.....				0
4. Advertising.....		6,051,147		6,051,147
5. Boards, bureaus and associations.....	274,852	293,602		568,454
6. Surveys and underwriting reports.....		7,298,372		7,298,372
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	65,355,540	56,661,086	169,444	122,186,070
8.2 Payroll taxes.....	4,688,275	4,564,584	7,568	9,260,427
9. Employee relations and welfare.....	12,250,444	8,561,677	34,879	20,847,000
10. Insurance.....				0
11. Directors' fees.....				0
12. Travel and travel items.....	6,767,418	1,774,807		8,542,225
13. Rent and rent items.....	8,691,484	5,345,881	232	14,037,597
14. Equipment.....	1,228,759	2,387,603		3,616,362
15. Cost or depreciation of EDP equipment and software.....	9,182,573	8,010,869		17,193,442
16. Printing and stationery.....	598,247	1,573,448	12,417	2,184,112
17. Postage, telephone and telegraph, exchange and express.....	5,335,455	8,315,285		13,650,741
18. Legal and auditing.....	831,718	2,075,901	98,622	3,006,241
19. Totals (Lines 3 to 18).....	115,204,766	112,914,263	323,161	228,442,190
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....1,286.....		19,127,291		19,127,291
20.2 Insurance department licenses and fees.....		3,572,181		3,572,181
20.3 Gross guaranty association assessments.....		(8,635)		(8,635)
20.4 All other (excluding federal and foreign income and real estate).....		1,295,249		1,295,249
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	23,986,086	0	23,986,086
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	1,170,788	771,659	102,172	2,044,619
25. Total expenses incurred.....	143,103,916	247,340,440	425,333	(a).....390,869,689
26. Less unpaid expenses - current year.....	134,204,059	5,594,036	42,000	139,840,095
27. Add unpaid expenses - prior year.....	118,564,330	10,891,372	60,000	129,515,702
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	127,464,187	252,637,776	443,333	380,545,296

DETAILS OF WRITE-INS

2401. MISCELLANEOUS EXPENSES.....	642,579	535,701	56,076	1,234,356
2402. OUTSIDE SERVICES.....	528,209	235,958	46,095	810,262
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	1,170,788	771,659	102,172	2,044,619

(a) Includes management fees of \$.....120,953,044 to affiliates and \$.....0 to non-affiliates.

UNITED FINANCIAL CASUALTY COMPANY
EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds.....	(a).....3,573,641	.....3,825,369
1.1	Bonds exempt from U.S. tax.....	(a).....17,580,564	.....17,024,718
1.2	Other bonds (unaffiliated).....	(a).....34,067,986	.....32,628,169
1.3	Bonds of affiliates.....	(a).....	.....
2.1	Preferred stocks (unaffiliated).....	(b).....8,419,548	.....8,439,375
2.11	Preferred stocks of affiliates.....	(b).....	.....
2.2	Common stocks (unaffiliated).....	.....3,330,617	.....3,251,319
2.21	Common stocks of affiliates.....	.....	.....
3.	Mortgage loans.....	(c).....	.....
4.	Real estate.....	(d).....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments.....	(e).....222,320	.....222,322
7.	Derivative instruments.....	(f).....	.....
8.	Other invested assets.....	.....	.....
9.	Aggregate write-ins for investment income.....	.....0	.....0
10.	Total gross investment income.....	.....67,194,676	.....65,391,272
11.	Investment expenses.....		(g).....425,333
12.	Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13.	Interest expense.....		(h).....
14.	Depreciation on real estate and other invested assets.....		(i).....0
15.	Aggregate write-ins for deductions from investment income.....		.....0
16.	Total deductions (Lines 11 through 15).....		.....425,333
17.	Net investment income (Line 10 minus Line 16).....		.....64,965,939

DETAILS OF WRITE-INS

0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....0
(a)	Includes \$.....4,920,262 accrual of discount less \$.....25,372,488 amortization of premium and less \$.....1,336,322 paid for accrued interest on purchases.		
(b)	Includes \$.....293,536 accrual of discount less \$.....0 amortization of premium and less \$.....81,623 paid for accrued dividends on purchases.		
(c)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(d)	Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.		
(e)	Includes \$.....2,787 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(f)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium.		
(g)	Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.		
(h)	Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.		
(i)	Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds.....	.....20,120,093	.....20,120,093	.....	.....
1.1	Bonds exempt from U.S. tax.....	.....1,193,693	.....1,193,693	.....	.....
1.2	Other bonds (unaffiliated).....	.....327,282	.....(37,594,698)	.....(2,038,298)	.....
1.3	Bonds of affiliates.....	.....	.....0	.....	.....
2.1	Preferred stocks (unaffiliated).....	.....(1,600,000)	.....(59,493,781)	.....21,250,254	.....
2.11	Preferred stocks of affiliates.....	.....	.....0	.....	.....
2.2	Common stocks (unaffiliated).....	.....(25,967,721)	.....(13,151,460)	.....(39,119,181)	.....(26,414,084)
2.21	Common stocks of affiliates.....	.....	.....0	.....719,675	.....
3.	Mortgage loans.....	.....	.....0	.....	.....
4.	Real estate.....	.....	.....0	.....	.....
5.	Contract loans.....	.....	.....0	.....	.....
6.	Cash, cash equivalents and short-term investments.....	.....	.....0	.....	.....
7.	Derivative instruments.....	.....	.....0	.....	.....
8.	Other invested assets.....	.....	.....0	.....	.....
9.	Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0
10.	Total capital gains (losses).....	.....(5,926,653)	.....(110,239,939)	.....(116,166,592)	.....(6,482,453)

DETAILS OF WRITE-INS

0901.	.....	.....	.....0	.....	.....
0902.	.....	.....	.....0	.....	.....
0903.	.....	.....	.....0	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page....	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0

UNITED FINANCIAL CASUALTY COMPANY
EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.....0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.....0
2.2 Common stocks.....	.....8,370,541		.....(8,370,541)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.....0
3.2 Other than first liens.....			.....0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.....0
4.2 Properties held for the production of income.....			.....0
4.3 Properties held for sale.....			.....0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.....0
6. Contract loans.....			.....0
7. Other invested assets (Schedule BA).....			.....0
8. Receivables for securities.....			.....0
9. Aggregate write-ins for invested assets.....	.....0	.....0	.....0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	.....8,370,541	.....0	.....(8,370,541)
11. Title plants (for Title insurers only).....			.....0
12. Investment income due and accrued.....			.....0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....	.....3,308,867	.....2,793,861	.....(515,006)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.....0
13.3 Accrued retrospective premiums.....	.....496	.....417	.....(79)
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers.....			.....0
14.2 Funds held by or deposited with reinsured companies.....			.....0
14.3 Other amounts receivable under reinsurance contracts.....			.....0
15. Amounts receivable relating to uninsured plans.....			.....0
16.1 Current federal and foreign income tax recoverable and interest thereon.....			.....0
16.2 Net deferred tax asset.....	.....40,849,356	.....802,013	.....(40,047,343)
17. Guaranty funds receivable or on deposit.....			.....0
18. Electronic data processing equipment and software.....			.....0
19. Furniture and equipment, including health care delivery assets.....			.....0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			.....0
21. Receivables from parent, subsidiaries and affiliates.....			.....0
22. Health care and other amounts receivable.....			.....0
23. Aggregate write-ins for other than invested assets.....	.....648,349	.....451,784	.....(196,565)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	.....53,177,609	.....4,048,075	.....(49,129,534)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.....0
26. TOTALS (Lines 24 and 25).....	.....53,177,609	.....4,048,075	.....(49,129,534)

DETAILS OF WRITE-INS

0901. ....			.....0
0902. ....			.....0
0903. ....			.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0
2301. PREPAID EXPENSES.....	.....639,288	.....436,182	.....(203,106)
2302. MISCELLANEOUS OTHER ASSETS.....	.....9,061	.....15,602	.....6,541
2303. ....			.....0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.....0	.....0	.....0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....648,349451,784(196,565)

NOTES TO FINANCIAL STATEMENTS

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32	Asbestos and Environmental Reserves	14.10
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NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory-basis financial statements of United Financial Casualty Company (the “Company”) were prepared on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (“DOI”).

The Ohio DOI requires insurance companies domiciled in the state of Ohio to prepare their statutory-basis financial statements in accordance with the National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Ohio DOI. No deviations from NAIC statutory accounting policies (“NAIC SAP”) were used in preparing these statutory-basis financial statements.

B. Use of Estimates

The Company is required to make estimates and assumptions when preparing its financial statements and accompanying notes in conformity with NAIC SAP. Actual results may differ from those estimates. Material estimates that are susceptible to significant changes in the near term include the loss and loss adjustment expense (“LAE”) reserves and the Company’s adjustment to realized losses for other than temporary impairment (see page 12, column 2, Exhibit of Capital Gains (Losses) and Note 1C).

C. Accounting Policies

Insurance premiums written are being earned into income on a pro-rata basis over the period of risk, based on a daily earnings convention. Unearned premiums are established to cover the unexpired portion of premiums written. The Company offers a variety of payment plans to meet individual customer needs. Generally, insurance premiums are collected in advance of providing risk coverage, minimizing the Company’s exposure to credit risk.

Acquisition costs, such as agents’ commissions, premium taxes, and other policy initiation costs are charged to operations as incurred. Advertising costs are expensed as incurred.

Other income includes finance and service charges collected on premiums receivable and finance and service charges assumed under quota-share reinsurance agreements with three of the Company’s non-pooled insurance company affiliates. The assumed finance and service charges are reported as miscellaneous income in the statutory-basis statements of income.

In addition, the Company uses the following accounting policies:

Investments

- Cash and cash equivalents include bank accounts and certificates of deposit as well as short-term investments with original maturities of three months or less that are reported at amortized cost, which approximates market value.
- Short-term investments include securities acquired within one year of maturity except for those with original maturities of three months or less (see cash and cash equivalents above) and are reported at amortized cost, which approximates market value.
- Investment grade bond valuations are based on NAIC designations or NAIC Acceptable Rating Organization (“ARO”) designations and are reported at amortized cost using the scientific method, which closely approximates the effective interest method. Non-investment grade bond valuations are also based on NAIC designations or NAIC ARO designations and are reported at the lower of amortized cost or fair market value. The difference between the original cost and redemption value of these securities is recognized over the lives of the respective issues and included in net investment gain.
- Common stocks, other than investments in stocks of subsidiaries and affiliates, are reported at fair market values based on active market closing quotations from a regulated exchange. Changes in the fair market values of these securities are reflected directly as unrealized gains or losses in statutory surplus, net of deferred income taxes.
- Non-redeemable preferred stocks are reported at fair market values. Changes in the fair market values of these securities are reflected directly as unrealized gains or losses in statutory surplus, net of deferred income taxes. Investment grade redeemable preferred stocks are reported at amortized cost, while non-investment grade redeemable preferred stocks are reported at the lower of amortized cost or fair market value. The difference between the original cost and redemption value of these securities is recognized using the scientific method, which closely approximates the effective interest method, over the lives of the respective issues and included in net investment gain.
- The fair market values reported are derived from independent and observable market input evaluations provided by Interactive Data Corporation, Standard and Poors, Trepp, L.L.C., independent broker quotations, or active market closing quotations from a regulated exchange. In very rare cases, if none of the aforementioned primary sources are available, matrix pricing using the reporting entity’s own market based assumptions may be utilized. The approved methods for computation of fair market value are prescribed in Part Six of the Securities Valuation Office Purposes and Procedures Manual.
- The Company has no investments in mortgage loans.
- Collateralized securities are stated at amortized cost as determined by the estimated value of future cash flows. Prepayment assumptions for collateralized securities are obtained from available market data, broker dealer and/or internal estimates. These assumptions are consistent with current interest rate and economic trends. Significant changes in estimated cash flows from the original purchase assumptions are accounted for as prescribed by SSAP No. 43, Loan-backed and Structured Securities.
- The Company owns 100% of the common stock of Progressive Commercial Casualty Company (Progressive Commercial), an insurance affiliate domiciled in Ohio (see Note 20C). This investment is reported on the equity basis as described in the *Purposes and Procedures Manual of the Securities Valuation Office* of the NAIC.
- The Company has no investments in derivatives.

NOTES TO FINANCIAL STATEMENTS

- The Company may enter into reverse repurchase agreements in which it borrows cash by providing certain underlying securities as collateral for the arrangement. The cash borrowed is invested in cash equivalents, and an offsetting liability is established. The cash equivalent investment maturities and the term of the borrowing arrangement on the collateralized securities match, eliminating duration risk exposure to the Company. There were no open reverse repurchase agreements as of December 31, 2008.
- Realized gains and losses on sales of securities are computed based on the first-in, first-out method.
- The Company's management performs periodic reviews of individual securities in its investment portfolio to determine whether a decline in the value of a security is other than temporary. A review for other-than-temporary impairment requires making certain judgments regarding the materiality of the decline, its effect on the financial statements, the probability, extent, and timing of a valuation recovery, and the Company's ability and intent to hold the security. The scope of this review is broad and requires a forward-looking assessment of the fundamental characteristics of a security, as well as the market-related prospects of the issuer and its industry.

Management assesses valuation declines to determine the extent to which such changes are attributable to (i) fundamental factors specific to the issuer, such as financial conditions, business prospects or other factors, or (ii) market-related factors such as interest rates or equity market declines (i.e., negative returns at either a sector index level or the broader market level). This evaluation reflects management's assessment of current conditions, as well as predictions of uncertain future events that may have a material effect on the financial statements related to security valuation.

When persuasive evidence exists that causes management to conclude that a decline in fair value is other than temporary, the book value of such security is reduced to its current fair value, recognizing the decline as a realized loss in the statutory-basis statements of income. All other unrealized gains or losses are reflected in statutory surplus.

Loss and Loss Adjustment Expense Reserves

- Loss reserves represent the estimated liability on claims reported to the Company, plus reserves for losses incurred but not yet reported ("IBNR"). These estimates are reported net of amounts recoverable from salvage and subrogation. LAE reserves represent the estimated expenses required to settle reported claims and IBNR losses. Such loss and LAE reserves could be susceptible to significant change in the near term. The Company conducts extensive reviews each month on portions of its business to help ensure that the Company is meeting its objective of always having reserves that are adequate, with minimal variation. Results would differ if different assumptions were made (see Note 24).

Capitalization of Assets

- Prepaid assets above a \$100,000 threshold are capitalized. Under certain circumstances, the Company may decide to establish a prepaid expense for amounts less than the threshold.

- 2. Accounting Changes and Corrections of Errors
Not applicable
- 3. Business Combinations and Goodwill
Not applicable
- 4. Discontinued Operations
Not applicable
- 5. Investments
 - A. Mortgage Loans
Not applicable
 - B. Troubled Debt Restructuring for Creditors
Not applicable
 - C. Reverse Mortgages
Not applicable
 - D. Collateralized Securities
See Note 11 Investments
 - E. Repurchase Agreements
See Note 11 Investments
 - F. Real Estate
Not applicable
 - G. Low Income Housing Tax Credits
Not applicable
- 6. Joint Ventures, Partnerships and Limited Liability Companies
Not applicable

NOTES TO FINANCIAL STATEMENTS

7. Investment Income

A. Accrued Investment Income

The Company non-admits investment income due and accrued if the amounts are greater than 90 days past due.

B. Amounts Non-admitted

Not applicable

8. Derivative Instruments

Not applicable

9. Income Taxes

A. The components of the net deferred tax asset ("DTA") are as follows:

Description	December 31, 2008	December 31, 2007
Gross deferred tax assets	\$ 94,387,528	\$ 66,168,894
Gross deferred tax liabilities	5,924,462	14,211,793
Net deferred tax assets	88,463,066	51,957,101
Non-admitted deferred tax assets	40,849,356	802,013
Admitted deferred tax assets	\$ 47,613,710	\$ 51,155,088
Increase (decrease) in non-admitted deferred tax assets	\$ 40,047,343	\$ (3,967,563)

B. Unrecognized Deferred Tax Liabilities

Not applicable

C. Current Tax and Change in Deferred Tax

The significant components of the provision for Federal income tax are as follows:

Description	2008	2007
Current income tax expense (benefit)	\$ 41,470,391	\$ 57,028,986
Prior year underaccrual (overaccrual)	198,497	(981,215)
Current income tax incurred including tax on realized gains (losses)	41,668,888	56,047,771
Income tax expense (benefit) on realized gains (losses)	(8,260,938)	522,585
Current income taxes incurred	\$ 49,929,826	\$ 55,525,186

The significant components of the DTAs and deferred tax liabilities ("DTLs") are as follows:

DTAs Resulting from Statutory/Tax Difference in	December 31, 2008	December 31, 2007	Change
Unpaid losses and LAE	\$ 20,842,861	\$ 16,848,585	\$ 3,994,276
Unearned premiums	35,642,829	38,197,977	(2,555,148)
Unrealized capital losses	3,503,635	9,542,092	(6,038,457)
Non-admitted assets	1,385,199	1,135,976	249,223
Non-deductible accruals	416,485	444,264	(27,779)
Investment write-downs	32,527,897	--	32,527,897
Intercompany deferred losses	68,622	--	68,622
Gross deferred tax assets	\$ 94,387,528	\$ 66,168,894	\$ 28,218,634
Non-admitted deferred tax assets	\$ 40,849,356	\$ 802,013	\$ 40,047,343

DTLs Resulting from Statutory/Tax Difference in	December 31, 2008	December 31, 2007	Change
Bond market discount	\$ 551,938	\$ 1,342,235	\$ (790,297)
Unrealized capital gains	3,697,015	12,204,720	(8,507,705)
Depreciable assets	552,739	--	552,739
Salvage and subrogation	632,692	349,782	282,910
Prepaid expenses	152,664	170,547	(17,883)
Intercompany deferred gains	199,150	--	199,150
Other	138,264	144,509	(6,245)
Gross deferred tax liabilities	\$ 5,924,462	\$ 14,211,793	\$ (8,287,331)

The change in net deferred income tax is comprised of the following (this analysis excludes non-admitted assets; the change in non-admitted assets is reported separately from the change in net deferred income tax in the Underwriting and Investment Exhibit):

Description	December 31, 2008	December 31, 2007	Change
Total deferred tax assets	\$ 94,387,528	\$ 66,168,894	\$ 28,218,634
Total deferred tax liabilities	5,924,462	14,211,793	(8,287,331)
Net deferred tax asset (liability)	\$ 88,463,066	\$ 51,957,101	36,505,965
Tax effect of unrealized gains (losses)			(2,469,248)
Change in net deferred income tax			\$ 34,036,717

NOTES TO FINANCIAL STATEMENTS

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The provision for Federal income tax in the accompanying Underwriting and Investment Exhibit differs from the statutory rate. The significant statutory to tax adjustments are as follows:

Description	Amount	Tax Effect at 35%
Provision computed at statutory rate	\$ 14,241,669	35 %
Exempt interest income	(6,276,273)	(15)
Dividends received deduction	(673,236)	(2)
Prior year underaccrual (overaccrual)	587,922	1
Other	1,312	--
Total	\$ 7,881,394	19 %
Federal and foreign income taxes incurred	\$ 41,668,888	102 %
Change in net deferred income tax	(34,036,717)	(84)
Change in deferred income tax from non-admitted assets	249,223	1
Total statutory income taxes	\$ 7,881,394	19 %

E. Operating Loss and Tax Credit Carryforwards

- 1) At December 31, 2008, the Company had no operating loss or tax credit carryforwards available for tax purposes.
- 2) The amount of Federal income taxes incurred and available for recoupment by the Company in the event of future net losses is equal to approximately \$41,470,391 for the current tax year and \$57,322,868 for the first preceding year. The amounts that can be recouped may be subject to the alternative minimum tax rules, and therefore may be limited.
- 3) Protective Tax Deposits

Not applicable

F. Consolidated Federal Income Tax Return

- 1) The Company's Federal income tax return is consolidated with The Progressive Corporation ("TPC"), a publicly traded holding company incorporated in Ohio, and all its wholly-owned United States subsidiaries (the "Group") as detailed in Schedule Y, Part 1.
- 2) The method of allocation between the companies is subject to written agreement and is jointly approved by an officer of TPC and the Company. The allocation is based upon separate tax return calculations with current credit for net losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled quarterly.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of Relationships

The Company is wholly owned by Progressive Commercial Holdings, Inc. ("PCH"), a holding company incorporated in Delaware. The structure of the holding company organization is shown on Schedule Y, Part 1.

B. Detail of Transactions Greater than ½% of Admitted Assets

In 2008, Progressive Commercial returned \$6,000,000 in capital to the Company which was recorded as a reduction in the Company's investment in Progressive Commercial. This transaction had no impact on the Company's gross paid in and contributed surplus. The Company returned \$53,000,000 of capital to PCH in 2007. The return of capital was approved by the Ohio DOI. In addition, the Company received a \$13,200,000 capital contribution from PCH that was utilized to capitalize Progressive Commercial in January 2007.

All significant 2008 transactions by the Company or any affiliated insurer with any affiliate are summarized in Schedule Y, Part 2.

See Notes 13D and 21

C. Change in Terms of Intercompany Arrangements

Not applicable

D. Amounts Due to or from Related Parties

The Company reported \$39,256,388 and \$49,921,745 receivable from parents, subsidiaries, and affiliates at December 31, 2008 and 2007, respectively. These balances are due to the timing of security purchases and cash collections and disbursements under the Group's centralized cash management system and the reinsurance and management agreements in which the Company participates. The Company also reported \$12,364,393 and 8,081,561 current Federal income taxes payable at December 31, 2008 and 2007, respectively. These balances are due to TPC for the Company's Federal income tax liability.

The intercompany balances are settled quarterly.

E. Guarantees or Contingencies for Related Parties

Not applicable

NOTES TO FINANCIAL STATEMENTS

F. Management, Service Contracts, Cost Sharing Arrangements

The Company participates in management and service agreements with several of its insurance affiliates and a non-insurance affiliate. Under the terms of the agreements, the affiliates are provided underwriting and loss adjustment services for business produced in exchange for a management fee based on their use of services.

The Company participates in joint management services agreements with several of its insurance affiliates. Under the terms of the agreements, the Company provides these affiliates with underwriting and loss adjustment services for specific business produced, and they provide the Company with similar services for other specific business produced. In exchange for these services, the companies charge management fees based on each company's use of the other's services.

The Company participates in an investment services agreement with Progressive Capital Management Corp., a non-insurance affiliate. Under the terms of the agreement, the Company is provided investment and capital management services in exchange for an investment management fee based on its use of services.

All intercompany agreements are approved by the participating insurance companies' states of domicile when established. Upon redomestication, intercompany agreements are not required to be approved by the new state of domicile.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by PCH.

H. Amount Deducted for Investment in Upstream Company

Not applicable

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Not applicable

J. Write-downs for Impairments of Investments in Affiliates

Not applicable

K. Investment in Foreign Insurance Subsidiary

Not applicable

L. Investment in Downstream Non-Insurance Holding Company

Not applicable

11. Debt

Not applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Effective January 1, 2008, the Company transferred all of its employees to various insurance and non-insurance affiliates.

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

A. Outstanding Shares

The Company has 128 shares of \$23,500 par value common stock authorized, issued, and outstanding. The Company has no preferred stock authorized, issued, or outstanding.

B. Dividend Rate of Preferred Stock

Not applicable

C,D,E,F. Dividends

The maximum amount of dividends the Company can pay to PCH in 2009 without prior regulatory approval is limited by insurance laws in Ohio. Based on the dividend laws currently in effect, the Company may pay dividends of \$35,114,073 in 2009 without prior approval from the Ohio DOI.

Within the limitations described above, there are no additional restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

The Company paid dividends to PCH as follows:

Date Paid	Amount Paid	Dividend Type
December 26, 2008	\$ 45,000,000	Ordinary
October 1, 2007	\$ 97,000,000	Ordinary

G. Mutual Surplus Advances

Not applicable

H. Company Stock Held for Special Purposes

Not applicable

I. Changes in Special Surplus Funds

Not applicable

UNITED FINANCIAL CASUALTY COMPANY

NOTES TO FINANCIAL STATEMENTS

J. Changes in Unassigned Funds (Surplus)

As of December 31, 2008, the portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

Description	Cumulative Increase (Decrease) in Surplus
Unrealized gain (loss)	\$ 1,723,055
Non-admitted assets	(53,177,609)
Provision for reinsurance	--
Total	\$ (51,454,554)

The unrealized gain is gross of the applicable deferred tax liability of \$193,380.

K. Surplus Notes

Not applicable

L,M. Quasi Reorganizations

Not applicable

14. Contingencies

A. Contingent Commitments

Not applicable

B. Assessments

The Company is subject to state guaranty fund and other assessments by the states in which it writes business. State guaranty fund assessments are accrued at the time of any known insolvencies. Other assessments are accrued either at the time of assessment or at the time the premiums are written. These accruals are based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies. As of December 31, 2008 and 2007, the Company's estimated liability for state guaranty fund and other assessments was not material.

C. Gain Contingencies

Not applicable

D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits

Not applicable

E. All Other Contingencies

The Company is named as defendant in various lawsuits arising out of its insurance operations. All legal actions relating to claims made under insurance policies are considered by the Company in establishing its loss and LAE reserves. The Company also has potential exposure relating to lawsuits due to its participation in management agreements for which it is allocated litigation expenses (see Note 10F).

As of December 31, 2008, there was a putative class action lawsuit challenging the Company's use of certain automated database vendors or software to assist in the adjustment of bodily injury claims. Plaintiffs allege that these databases or software systematically undervalue the claims. The Company does not consider a loss from this case to be probable and is unable to estimate a range of loss, if any, at this time.

As of December 31, 2008, there were five class action lawsuits challenging certain aspects of the Company's use of credit information and compliance with notice requirements under the federal Fair Credit Reporting Act. In 2004, the Company entered into a settlement agreement to resolve these cases and had received preliminary court approval of the settlement. In February 2005, the Company was advised that the court denied final approval of the proposed settlement. In 2006, an amended settlement received final trial court approval. After objecting class members filed an appeal, the Court of Appeals affirmed the trial court's decision to approve the settlement.

15. Leases

Not applicable

16. Information about Financial Instruments with Off-Balance Sheet Risk and with Concentrations of Credit Risk

Not applicable

17. Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

The Company had no wash sales of securities with a NAIC rating of 3 or below during the year.

18. Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Not applicable

NOTES TO FINANCIAL STATEMENTS

19. Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators

Not applicable

20. Other Items

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1. Segregated Funds

At December 31, 2008, securities at the amortized cost of \$4,637,432 were on deposit with various regulatory agencies to meet statutory requirements (see Schedule E, Part 3).

2. In accordance with admissibility requirements of SSAP No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, the Company must non-admit its investment in Progressive Commercial. Progressive Commercial was granted an exemption to the annual statutory audit requirement by the Ohio DOI as a result of not yet commencing to do business. As such, the Company is not permitted to admit its investment in Progressive Commercial as a result of being a non-audited entity.

D. Uncollectible Premiums Receivable

The Company routinely assesses the collectibility of premiums and agents' balances receivable and records a bad debt reserve for amounts exceeding the non-admitted balance that the Company believes are uncollectible.

E. Business Interruption Insurance Recoveries

Not applicable

F. State Transferable Tax Credits

1. At December 31, 2008, the Company had the following transferable state tax credits.

Description	State	Carrying Value	Unused Amount
Venture Capital Authority Premium Tax Credits	CO	\$ --	\$ 1,951
Total		\$ --	\$ 1,951

The carrying value is reported gross of any related tax liabilities.

2. The Company estimated the utilization of the remaining transferable state tax credits by projecting future premium, taking into account policy growth and rate changes, projecting the future tax liability based on projected premium, tax rates, and tax credits, and comparing the projected future tax liability to the availability of remaining transferable state tax credits.

3. The Company did not recognize any impairment write-downs for its state transferable tax credits during the statement periods.

G. Hybrid Securities

At December 31, 2008, the Company's investments in hybrid securities are as follows:

CUSIP Identification	Name of Issuer/Description	Book/Adjusted Carrying Value
05530RAB4	BBVA INTL PREF UNIPERSON	\$ 5,784,930
25746UAZ2	DOMINION RESOURCES INC 06-B	2,250,000
652486200	NEWS CORP FINANCE TRUST	9,819,750
69350JAA7	PNC PREFERRED FUNDING TR	5,500,000
86800XAA6	SUNTRUST PREFERRED CAP I	6,480,000
92978AAA0	WACHOVIA CAPITAL TRUST I	30,237,500
964152AB8	WHITE MOUNTAINS RE GROUP	10,349,020
Total		\$ 70,421,200

H. Sub-Prime Mortgage Related Risk Exposure

1. Exposure to Sub-Prime Mortgage Related Risk Narrative

The following sub prime disclosure and the review and procedures described within are completed at a consolidated level for all the Progressive companies. To the extent the Company had any direct exposure to the sub-prime disruption; those securities would be listed in Note 20.H.3.

Management's review of the investment portfolio for securities with direct exposure to the sub-prime disruption, such as Alt-A residential mortgage loan backed bonds and home equity loan backed bonds is performed in conjunction with the other-than-temporary impairment analysis and procedures (see Note 1.C). Additionally, securities that were determined to have an indirect exposure to the sub-prime disruption were also reviewed as part of the other-than-temporary impairment analysis. There were no write-downs taken on any of the Company's Alt-A securities during 2008. The Alt-A securities in the portfolio are AAA rated in nature and suffered no material delinquencies or short-falls in principal and have consistently repaid the principal and interest due and there is no indication that this will discontinue.

During the year, significant steps were taken to restructure the portfolio to a considerably lower risk profile. Management continues to maintain the fixed-income portfolio strategy of investing in high-quality, shorter-duration securities in the current investment environment.

NOTES TO FINANCIAL STATEMENTS

During the year, financial markets continued to suffer severe turbulence, the effects of which transformed the global financial system. The rapid deterioration in asset values, sharp retrenchment of credit providers, and loss of market confidence pushed highly leveraged financial institutions to the brink of failure, with the collapse and rescue of several major financial firms around the world. Capital markets witnessed unprecedented volatility and periods of illiquidity in both the primary and secondary markets. Credit spreads on risk assets across virtually all asset classes increased sharply over the course of the year. The economy began the year growing modestly, but dysfunction in the global capital markets, combined with a debt-constrained consumer and no recovery in the housing market, pushed the economy into contraction by year end. The Federal Reserve responded to the economic weakness by first cutting the overnight funds rate sharply, finishing the year with a target range of 0-0.25%. The Federal Reserve also used its balance sheet and nontraditional lending facilities in order to provide additional liquidity to the economy and capital markets. At year-end, two-year notes and ten-year notes were yielding .74% and 2.21% respectively, compared to 3.06% and 4.03% at the end of 2007.

In light of these market conditions, during 2008, management performed a detailed review of the Company's portfolio, paying particular attention to the credit profile of the issuers of any redeemable and nonredeemable preferred stocks, as well as any asset-backed securities, to identify the extent to which any asset values may have been impacted by direct exposure to the sub-prime mortgage loan disruption, as well as broader credit market events.

Investing and financing activities continue to be managed in order to maintain sufficient capital to support all the insurance that can profitably be underwritten and serviced.

For the Company's investment in Progressive Commercial (see Note 1C) , management's review uncovered no issues related to their exposure to sub-prime risk or that required recognition of losses that would have a significant effect on the financial strength and surplus of the Company.

As of December 31, 2008, the Company recorded \$15.2 million in other-than-temporary impairment write-downs due to sub-prime exposures. These other-than-temporary impairment write-downs are not material to the Company's financial position or its surplus.

2. Direct Investment in Sub-Prime Mortgage Loans

Not applicable

3. Direct Investment in Securities with Underlying Sub-Prime Exposure

At December 31, 2008, the Company had the following securities with underlying sub-prime exposure:

Investment Type	Actual Cost	Book Adjusted Carrying Value	Fair Value	Unrealized Gain (Loss)
Residential Mortgage Backed Securities	\$ 56,903,986	\$ 58,010,167	\$ 46,839,253	\$ (11,170,914)
Total	\$ 56,903,986	\$ 58,010,167	\$ 46,839,253	\$ (11,170,914)

4. Mortgage or Financial Guaranty Sub-Prime Exposure

Not applicable

I. Federal Home Loan Bank Agreements

Not applicable

J. Agents' Balances Certification, Florida Statute 625.012 (5):

At December 31, 2008 and 2007, the Company reported net admitted premiums and agents' balances in course of collection of \$37,685,615 and \$41,641,807, respectively. Of this amount there were no premiums due from a controlled or controlling person as defined in Florida statute 625.012 (5).

21. Events Subsequent

The Company received a \$31,000,000 capital contribution from PCH on January 26, 2009.

22. Reinsurance

A. Unsecured Reinsurance Recoverable

Not applicable

B. Reinsurance Recoverable in Dispute

Not applicable

C. Reinsurance Assumed and Ceded (all amounts in 000's)

1) The table below summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2008.

	ASSUMED		CEDED		ASSUMED LESS CEDED	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
Affiliates	\$ 231,747	\$ --	\$ --	\$ --	\$ 231,747	\$ --
All Other	--	--	--	--	--	--
Totals	\$ 231,747	\$ --	\$ --	\$ --	\$ 231,747	\$ --
Direct Unearned Premium Reserve is \$274,719						

2) The Company has no return commission or profit sharing arrangements

D. Uncollectible Reinsurance

Not applicable

NOTES TO FINANCIAL STATEMENTS

- E. Commutation of Ceded Reinsurance

 Not applicable
- F. Retroactive Reinsurance

 Not applicable
- G. Reinsurance Accounted for as a Deposit

 Not applicable
23. Retrospectively Rated Contracts and Contracts Subject to Redetermination
- A. Method Used to Estimate

 The Company’s only retrospectively rated contract for its auto rental insurance business was cancelled and is in run-off effective April 5, 2002. The Company calculates accrued retrospective premium for each policy period based on inception-to-date incurred losses and defense and cost containment expense grossed up for certain adjusting and other LAE and premium tax reimbursement factors as stipulated in the contracts. The difference between the inception-to-date retrospective premium and the inception-to-date basic premium that has been paid is accrued as a retrospective premium adjustment. At December 31, 2008, the amount remaining on the contract is not considered material to the Company.
- B. Method Used to Record

 The Company records accrued retrospective premium as an adjustment to net premiums written.
- C. Amount and Percent of Net Retrospective Premiums

 At December 31, 2008, the net premiums written on retrospective policies were not considered material to the Company.
- D. Calculation of Non-Admitted Accrued Retrospective Premiums

 At December 31, 2008, the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and LAE reserves), or collateral as permitted by SSAP No. 66, Retrospectively Rated Contracts, that has been non-admitted based on the quality rating of the insured is not considered material to the Company.
24. Changes in Incurred Losses and Loss Adjustment Expenses

 Incurred losses and LAE attributable to insured events of prior years increased by \$10,651,000 in 2008 which is approximately 1.7% of the total prior year net unpaid losses and LAE of \$640,281,000. The increase is the result of unfavorable loss and defense and cost containment (“DCC”) development of \$8,393,000 and unfavorable development for the adjusting and other expense (“AOE”) reserves of \$2,258,000. Commercial Auto Liability’s total unfavorable development was \$11,327,000 for loss and DCC and \$2,178,000 for AOE. Private Passenger Automobile Liability loss and DCC development was unfavorable by \$2,112,000 which was offset by favorable development of \$570,000 for Other Liability – Occurrence, \$1,356,000 for Special Property, and \$3,121,000 for Physical Damage. This prior accident year development is a result of claim settlements during the current year and re-estimation of unpaid losses and LAE due to the ongoing analysis of recent loss development trends.
25. Intercompany Pooling Arrangements

 Effective January 1, 1994, the Company elected to terminate its future participation in a pooling reinsurance agreement with the property-casualty affiliates listed below (the “Agency Pool”) under which 100% of the underwriting business of each member company, net of external reinsurance, is ceded to Casualty, the Agency Pool manager and an Agency Pool participant. The combined premiums, losses, and expenses are then retroceded to each Agency Pool member based on pre-determined pooling percentages. The Company has a zero percent retrocession participation in the Agency Pool for all policies written prior to January 1, 1994.

 Progressive Hawaii Insurance Corp. (“Hawaii”), an insurance affiliate domiciled in Ohio and National Continental Insurance Company (“NCIC”), an insurance affiliate domiciled in New York, terminated their future participation in the Agency Pool effective November 5, 2005 and January 1, 1996, respectively. Hawaii and NCIC have zero percent retrocession participation in the Agency Pool for all policies written prior to the dates listed above.

The pooling percentages for each Agency Pool participant as of December 31, 2008 and 2007 were as follows:

	NAIC Code	2008 Pool %	2007 Pool %
Progressive Casualty Insurance Company	24260	49.0 %	49.0 %
Progressive Northern Insurance Company	38628	12.0	12.0
Progressive Northwestern Insurance Company	42919	12.0	12.0
Progressive Specialty Insurance Company	32786	7.0	7.0
Progressive Preferred Insurance Company	37834	6.0	6.0
Progressive Michigan Insurance Company	10187	4.0	4.0
Progressive Classic Insurance Company	42994	3.0	3.0
Progressive American Insurance Company	24252	2.0	2.0
Progressive Gulf Insurance Company	42412	2.0	2.0
Progressive Bayside Insurance Company	17350	1.0	1.0
Progressive Mountain Insurance Company	35190	1.0	1.0
Progressive Southeastern Insurance Company	38784	1.0	1.0
Progressive Hawaii Insurance Corp.	10067	--	--
National Continental Insurance Company	10243	--	--
United Financial Casualty Company	11770	--	--
		100.0 %	100.0 %

All business written by each Agency Pool participant is subject to pooling. An immaterial amount of business is ceded by the Company to non-affiliated reinsurers, prior to pooling. There are no discrepancies between the assumed and ceded reinsurance schedules of the Agency Pool participants. The Company does not participate in any intercompany sharing of the provision for reinsurance and the write-off of uncollectible reinsurance.

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2008, amounts recoverable from and payable to Casualty and all affiliates participating in the Agency Pool are as follows:

	Amounts Recoverable	Amounts Payable
Progressive Casualty Insurance Company (Lead)	\$ 65,616,255	\$ 30,237,578
Progressive Northern Insurance Company	3,085,021	10,486,419
Progressive Northwestern Insurance Company	3,270,759	14,456,785
Progressive Specialty Insurance Company	5,267,302	10,642,673
Progressive Preferred Insurance Company	3,584,290	8,467,274
Progressive Michigan Insurance Company	1,718,311	4,376,259
Progressive Classic Insurance Company	2,300,361	2,909,524
Progressive American Insurance Company	3,075,806	6,771,087
Progressive Gulf Insurance Company	4,298,628	2,790,750
Progressive Bayside Insurance Company	483,304	1,482,828
Progressive Mountain Insurance Company	827,976	1,418,806
Progressive Southeastern Insurance Company	2,263,682	1,813,342
Progressive Hawaii Insurance Corp.	37,539	508
National Continental Insurance Company	24,593	--
United Financial Casualty Company	6	--
Total	\$ 95,853,833	\$ 95,853,833

26. Structured Settlements

Not applicable

27. Health Care Receivables

Not applicable

28. Participating Accident and Health Policies

Not applicable

29. Premium Deficiency Reserves

The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts-Premiums. As of December 31, 2008 and 2007, the Company had not recorded a premium deficiency reserve.

30. High Deductibles

As of December 31, 2008 and 2007, the amount of reserve credit recorded for high deductibles on unpaid losses was \$0 and \$541,000, respectively, which were fully collateralized, and there were no amounts billed and recoverable at the end of either year.

31. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

Not applicable

32. Asbestos and Environmental Reserves

Not applicable

33. Subscriber Savings Accounts

Not applicable

34. Multiple Peril Crop Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []

1.3

State regulating?

OHIO

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2007

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2002

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/21/2003

3.4

By what department or departments?

OHIO

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes [] No [] N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] N/A []

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [] No [X]

4.12

renewals?

Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes [] No [X]

4.22

renewals?

Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,

7.21

State the percentage of foreign control

.....%

7.22

State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1
Nationality

2
Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4

If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

PRICEWATERHOUSECOOPERS, LLP

BP TOWER, 18TH FLOOR 200 PUBLIC SQUARE CLEVELAND, OH 44114-2301

10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

ALLAN R. NEIS, CORPORATE ACTUARY FCAS, MAAA

6300 WILSON MILLS ROAD MAYFIELD VILLAGE, OH 44143-2182

11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [X] No []

11.11

Name of real estate holding company

ANNALY MTG MGMT INC

11.12

Number of parcels involved

.....0

11.13

Total book/adjusted carrying value

\$.....518,949

11.2

If yes, provide explanation.

WE HOLD A COMMON STOCK INTEREST IN SEVERAL REAL ESTATE HOLDING COMPANIES. THE NUMBER OF PARCELS IS UNKNOWN.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

N/A

12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []

12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []

12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A []

13.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []

a.

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b.

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c.

Compliance with applicable governmental laws, rules and regulations;

d.

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e.

Accountability for adherence to the code.

13.11

If the response to 13.1 is No, please explain:

13.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]

13.21

If the response to 13.2 is Yes, provide information related to amendment(s).

13.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]

13.31

If the response to 13.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes [X] No []

15.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [X] No []

16.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

17.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [] No [X]

18.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11

To directors or other officers

\$.....0

18.12

To stockholders not officers

\$.....0

18.13

Trustees, supreme or grand (Fraternal only)

\$.....0

18.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21

To directors or other officers

\$.....0

18.22

To stockholders not officers

\$.....0

18.23

Trustees, supreme or grand (Fraternal only)

\$.....0

19.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [] No [X]

19.2

If yes, state the amount thereof at December 31 of the current year:

19.21

Rented from others

.....

19.22

Borrowed from others

.....

19.23

Leased from others

.....

19.24

Other

.....

20.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [] No [X]

20.2

If answer is yes:

20.21

Amount paid as losses or risk adjustment

.....

20.22

Amount paid as expenses

.....

20.23

Other amounts paid

.....

21.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [X] No []

21.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount.

\$.....0

INVESTMENT

22.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 22.3)?

Yes [X] No []

22.2

If no, give full and complete information relating thereto.

22.3

For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 16 where this information is also provided).

N/A

22.4

Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes [] No []

22.5

If answer to 22.4 is yes, report amount of collateral.

.....

22.6

If answer to 22.4 is no, report amount of collateral.

.....

23.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3)

Yes [X] No []

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements

23.22 Subject to reverse repurchase agreements

23.23 Subject to dollar repurchase agreements

23.24 Subject to reverse dollar repurchase agreements

23.25 Pledged as collateral

23.26 Placed under option agreements

23.27 Letter stock or securities restricted as to sale

23.28 On deposit with state or other regulatory body

23.29 Other
- \$.....0

\$.....0

\$.....0

\$.....0

\$.....0

\$.....0

\$.....0

\$.....4,637,432

\$.....0

23.3 For category (23.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.
- Yes []

No [X]

Yes []

No []

N/A [X]

- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- Yes []

No [X]

.....

26. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?
- Yes [X] No []

26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
STATE STREET	801 PENNSYLVANIA AVE. KANSAS CITY, MO 64105
CITIBANK, N.A.	338 GREENWICH STREET NEW YORK, NY 10013

26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
NONE	NONE	NONE

- 26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?
- Yes [] No [X]

26.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
NONE	NONE	NONE	NONE

26.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
30107	STATE STREET GLOBAL MARKETS, LLC	225 FRANKLIN ST. BOSTON, MA 02110

- 27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])?
- Yes [] No [X]

27.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adj.Carrying Value
27.2999. TOTAL		0

27.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	Date of Valuation

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds.....	.....1,286,987,800	.....1,220,305,782	.....(66,682,018)
28.2 Preferred stocks.....	.....70,421,200	.....70,871,732	.....450,532
28.3 Totals.....	.....1,357,409,000	.....1,291,177,514	.....(66,231,486)

28.4 Describe the sources or methods utilized in determining the fair values:

THE FAIR MARKET VALUES REPORTED ARE DERIVED FROM INDEPENDENT AND OBSERVABLE MARKET INPUT EVALUATIONS PROVIDED BY INTERACTIVE DATA CORPORATION, STANDARD AND POORS, TREPP, L.L.C., INDEPENDENT BROKER QUOTATIONS, OR ACTIVE MARKET CLOSING QUOTATIONS FROM A REGULATED EXCHANGE. IN VERY RARE CASES, IF NONE OF THE AFOREMENTIONED PRIMARY SOURCES ARE AVAILABLE, MATRIX PRICING USING THE REPORTING ENTITY'S OWN MARKET BASED ASSUMPTIONS MAY BE UTILIZED. THE APPROVED METHODS FOR COMPUTATION OF FAIR MARKET VALUE ARE PRESCRIBED IN PART SIX OF THE SECURITIES VALUATION OFFICE PURPOSES AND PROCEDURES MANUAL.

- 29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
- 29.2 If no, list exceptions:
- Yes [X]

No []

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....126,705

30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
PROPERTY CASUALTY INSURERS ASSOCIATION	126,705

31.1 Amount of payments for legal expenses, if any? \$.....0

31.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

UNITED FINANCIAL CASUALTY COMPANY
GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes []

No [X]

1.2

If yes, indicate premium earned on U.S. business only.

1.3

What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

1.31

Reason for excluding:

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

1.62

Total incurred claims

1.63

Number of covered lives

All years prior to most current three years:

1.64

Total premium earned

1.65

Total incurred claims

1.66

Number of covered lives

1.7

Group policies:

Most current three years:

1.71

Total premium earned

1.72

Total incurred claims

1.73

Number of covered lives

All years prior to most current three years:

1.74

Total premium earned

1.75

Total incurred claims

1.76

Number of covered lives

2.

Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....1,221,951,471	\$.....1,289,473,122
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....1,383,000,949	\$.....1,299,005,496
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

3.1

Does the reporting entity issue both participating and non-participating policies?

Yes []

No [X]

3.2

If yes, state the amount of calendar year premiums written on:

3.21

Participating policies

3.22

Non-participating policies

4.

FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

4.1

Does the reporting entity issue assessable policies?

Yes []

No []

4.2

Does the reporting entity issue non-assessable policies?

Yes []

No []

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

%

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

5.

FOR RECIPROCAL EXCHANGES ONLY:

5.1

Does the exchange appoint local agents?

Yes []

No []

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

Yes []

No []

N/A []

5.22

As a direct expense of the exchange

Yes []

No []

N/A []

5.3

What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

Yes []

No []

5.5

If yes, give full information:

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?

THE COMPANY DOES NOT WRITE WORKERS' COMPENSATION INSURANCE.

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

THE COMPANY'S PROBABLE MAXIMUM LOSS (PML) IS ESTIMATED BY ANALYZING HISTORICAL MAJOR OCCURRENCES AND ESTIMATING FREQUENCY OF LOSS AND SEVERITY BASED ON THE POTENTIAL FORCE OF AN OCCURRENCE AND THE TOTAL NUMBER OF AUTOS AND BOATS EXPOSED. THE ESTIMATE OF THE PML WAS MADE EXCLUSIVELY BY PROGRESSIVE EMPLOYEES. JUST OVER 50% OF THE COMPANY'S TOTAL DIRECT AND ASSUMED EXPOSURES ARE IN THE STATE OF FLORIDA. THE ESTIMATE OF THE PML IS APPROXIMATELY 25% OF TOTAL SURPLUS.

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

THE PRIMARY PROPERTY COVERAGE SOLD BY THE COMPANY IS COMPREHENSIVE FOR AUTOMOBILE AND INLAND MARINE FOR BOATS. THE COMPANY'S ESTIMATED PML IS APPROXIMATELY 25% OF THE COMPANY'S SURPLUS, THE COMPANY CARRIES NO EXTERNAL CATASTROPHE REINSURANCE TO COVER ITS CATASTROPHE EXPOSURE.

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes []

No [X]

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:

NONE

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GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes [☐]

No [☒ X]

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes [☐]

No [☐]

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes [☐]

No [☒ X]

8.2

If yes, give full information:

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?

Yes [☐]

No [☒ X]

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract?

Yes [☐]

No [☒ X]

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes [☐]

No [☒ X]

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6

The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

Yes [☐]

No [☒ X]

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes [☒ X]

No [☐]

N/A [☐]

11.1

Has this reporting entity guaranteed policies issued by any other reporting entity and now in force?

Yes [☐]

No [☒ X]

11.2

If yes, give full information:

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.11 Unpaid losses
12.12 Unpaid underwriting expenses (including loss adjustment expenses)

\$.....111,963

\$.....20,890

12.2

Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds:

\$.....0

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

Yes [☐]

No [☒ X]

N/A [☐]

12.4

If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
12.41 From
12.42 To

.....%

.....%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes [☐]

No [☒ X]

12.6

If yes, state the amount thereof at December 31 of current year:
12.61 Letters of credit
12.62 Collateral and other funds

.....

.....

UNITED FINANCIAL CASUALTY COMPANY
GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$.....1,000,000

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes [☐] No [☒]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

.....0

14.1 Is the company a cedant in a multiple cedant reinsurance contract?

Yes [☐] No [☒]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes [☐] No [☐]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?

Yes [☐] No [☐]

14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financial premium accounts?

Yes [☐] No [☒]

15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business?

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home.....					
16.12 Products.....					
16.13 Automobile.....					
16.14 Other*.....					

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5?

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5

.....

17.12 Unfunded portion of Interrogatory 17.11

.....

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11

.....

17.14 Case reserves portion of Interrogatory 17.11

.....

17.15 Incurred but not reported portion of Interrogatory 17.11

.....

17.16 Unearned premium portion of Interrogatory 17.11

.....

17.17 Contingent commission portion of Interrogatory 17.11

.....

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:

17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5

.....

17.19 Unfunded portion of Interrogatory 17.18

.....

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18

.....

17.21 Case reserves portion of Interrogatory 17.18

.....

17.22 Incurred but not reported portion of Interrogatory 17.18

.....

17.23 Unearned premium portion of Interrogatory 17.18

.....

17.24 Contingent commission portion of Interrogatory 17.18

.....

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2008	2 2007	3 2006	4 2005	5 2004
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	810,261,196	859,061,875	887,690,875	659,711,511	54,395,776
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	375,526,346	401,544,269	374,386,726	304,387,977	16,900,772
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(3,852)	(24,187)	(113,936)	(363,593)	(430,650)
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	1,185,783,690	1,260,581,957	1,261,963,665	963,735,895	70,865,898
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	810,273,806	859,054,171	887,690,875	659,711,511	54,396,634
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	375,526,346	401,544,269	374,369,195	304,371,125	16,917,162
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(3,852)	(24,187)	(113,936)	(362,672)	(430,160)
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	1,185,796,300	1,260,574,253	1,261,946,134	963,719,964	70,883,636
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	89,263,974	111,051,716	132,364,371	62,632,583	13,871,549
14. Net investment gain (loss) (Line 11).....	(42,939,714)	55,932,990	35,636,319	26,552,134	7,636,055
15. Total other income (Line 15).....	2,627,161	6,932,610	7,052,238	6,787,651	208,191
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	49,929,826	55,525,186	77,773,730	58,201,514	5,183,552
18. Net income (Line 20).....	(978,405)	118,392,130	97,279,198	37,770,854	16,532,243
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	1,783,051,741	1,764,001,051	1,609,180,752	1,139,358,948	144,998,399
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	37,685,615	41,641,807	43,239,595	14,023,893	1,504,157
20.2 Deferred and not yet due (Line 13.2).....	229,061,122	250,154,279	275,277,704	154,594,067	18,292,061
20.3 Accrued retrospective premiums (Line 13.3).....	49,088	41,302	1,041,380	93,521	599,092
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	1,431,911,014	1,347,925,691	1,182,809,329	830,885,539	88,257,008
22. Losses (Page 3, Line 1).....	646,920,974	521,717,066	353,850,512	288,670,237	32,765,873
23. Loss adjustment expenses (Page 3, Line 3).....	134,204,059	118,564,330	94,520,361	88,460,916	6,574,864
24. Unearned premiums (Page 3, Line 9).....	506,465,649	542,620,819	571,519,690	310,851,419	34,499,576
25. Capital paid up (Page 3, Lines 28 & 29).....	3,008,000	3,008,000	3,008,000	3,008,000	3,008,000
26. Surplus as regards policyholders (Page 3, Line 35).....	351,140,727	416,075,360	426,371,423	308,473,409	56,741,391
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	244,133,788	341,392,417	290,169,408	635,104,415	10,860,569
Risk-Based Capital Analysis					
28. Total adjusted capital.....	351,140,727	416,075,360	426,371,423	308,473,409	56,741,391
29. Authorized control level risk-based capital.....	65,472,638	73,730,474	58,823,224	31,672,961	6,054,381
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1).....	90.8	75.2	82.5	99.3	98.9
31. Stocks (Lines 2.1 & 2.2).....	9.1	24.7	17.4		
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	0.1	0.0	0.0	0.7	1.1
35. Contract loans (Line 6).....					
36. Other invested assets (Line 7).....					
37. Receivable for securities (Line 8).....	0.0	0.1	0.0		
38. Aggregate write-ins for invested assets (Line 9).....					
39. Cash, cash equivalents and invested assets (Line 10).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....					
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....					
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1).....	8,370,541	13,650,866			
43. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10).....					
44. Affiliated mortgage loans on real estate.....					
45. All other affiliated.....					
46. Total of above lines 40 to 45.....	8,370,541	13,650,866	0	0	0
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0).....	2.4	3.3			

UNITED FINANCIAL CASUALTY COMPANY
FIVE-YEAR HISTORICAL DATA
(Continued)

	1	2	3	4	5
	2008	2007	2006	2005	2004
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24).....	.....(3,961,708)	.....3,551,406	.....1,844,339	.....	.....
49. Dividends to stockholders (Line 35).....	.....(45,000,000)	.....(97,000,000)	.....	.....	.....(15,000,000)
50. Change in surplus as regards policyholders for the year (Line 38).....	.....(64,934,633)	.....(10,296,063)	.....117,898,014	.....251,732,018	.....1,314,843
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	.....405,671,975	.....394,399,561	.....290,180,751	.....(26,984,010)	.....15,998,816
52. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....211,339,728	.....219,941,734	.....168,135,353	.....159,217,496	.....7,712,761
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....	.....	.....	.....	.....
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....22,586	.....200,083	.....817,358	.....3,203,163	.....8,108,480
55. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....	.....	.....	.....	.....
56. Total (Line 35).....	.....617,034,289	.....614,541,378	.....459,133,462	.....135,436,649	.....31,820,057
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	.....405,672,170	.....394,093,382	.....289,715,783	.....(26,982,912)	.....15,798,232
58. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....211,344,478	.....219,945,240	.....168,137,751	.....159,217,385	.....7,719,454
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....	.....	.....	.....	.....
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....22,586	.....200,083	.....817,358	.....3,197,545	.....8,104,819
61. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....	.....	.....	.....	.....
62. Total (Line 35).....	.....617,039,234	.....614,238,705	.....458,670,892	.....135,432,018	.....31,622,505
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1).....	.....100.0	.....100.0	.....100.0	.....100.0	.....100.0
64. Losses incurred (Line 2).....	.....60.7	.....60.7	.....52.3	.....56.9	.....46.6
65. Loss expenses incurred (Line 3).....	.....11.7	.....10.9	.....10.8	.....14.3	.....10.6
66. Other underwriting expenses incurred (Line 4).....	.....20.2	.....19.9	.....23.6	.....20.0	.....21.5
67. Net underwriting gain (loss) (Line 8).....	.....7.3	.....8.6	.....13.2	.....9.1	.....18.3
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	.....20.6	.....19.8	.....18.2	.....13.3	.....25.9
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	.....72.5	.....71.5	.....63.2	.....71.3	.....57.3
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 35, Col. 1 x 100.0).....	.....337.7	.....303.0	.....296.0	.....312.4	.....124.9
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	.....8,393	.....56,783	.....(6,825)	.....(31,398)	.....(790)
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100).....	.....2.0	.....13.3	.....(2.2)	.....(55.3)	.....(1.4)
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	.....60,382	.....17,654	.....(30,202)	.....(10,125)	.....1,497
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0).....	.....14.2	.....5.7	.....(53.2)	.....(18.3)	.....2.8

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported- Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....	.....(382)	.....	.....275	.....	.....23	.....	.....10	.....(84)	.....XXX.....
2. 1999.....	.....102,501	.....12,965	.....89,536	.....57,384	.....6,808	.....2,193	.....325	.....5,844	.....	.....3,362	.....58,289	.....XXX.....
3. 2000.....	.....82,976	.....11,866	.....71,110	.....47,499	.....6,799	.....2,704	.....222	.....4,292	.....	.....2,251	.....47,474	.....XXX.....
4. 2001.....	.....92,179	.....6,529	.....85,650	.....49,367	.....1,903	.....3,261	.....92	.....5,078	.....	.....3,020	.....55,711	.....XXX.....
5. 2002.....	.....101,855	.....636	.....101,219	.....52,240	.....121	.....4,557	.....(2)	.....7,289	.....	.....2,844	.....63,967	.....XXX.....
6. 2003.....	.....82,445	.....(32)	.....82,477	.....32,824	.....0	.....2,987	.....	.....4,644	.....	.....1,645	.....40,455	.....XXX.....
7. 2004.....	.....75,896	.....(4)	.....75,900	.....13,359	.....5	.....(8,152)	.....	.....1,697	.....	.....1,352	.....6,899	.....XXX.....
8. 2005.....	.....687,388	.....18	.....687,370	.....417,796	.....4	.....15,858	.....	.....67,535	.....	.....2,338	.....501,185	.....XXX.....
9. 2006.....	.....1,001,296	.....18	.....1,001,278	.....492,135	.....	.....13,420	.....	.....82,120	.....	.....10,904	.....587,675	.....XXX.....
10. 2007.....	.....1,289,481	.....8	.....1,289,473	.....537,003	.....	.....7,593	.....	.....94,487	.....	.....22,565	.....639,083	.....XXX.....
11. 2008.....	.....1,221,940	.....(13)	.....1,221,953	.....380,322	.....	.....1,588	.....	.....77,670	.....	.....13,357	.....459,580	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	..2,079,547	.....15,639	.....46,285	.....637	.....350,677	.....0	.....63,649	.....2,460,233	.....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding- Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....	.....91	.....0	.....20	.....	.....20	.....0	.....	.....	.....4	.....	.....	.....134	.....XXX.....
2. 1999.....	.....35	.....0	.....	.....	.....25	.....1	.....	.....	.....4	.....	.....	.....63	.....XXX.....
3. 2000.....	.....387	.....3	.....	.....	.....87	.....1	.....	.....	.....15	.....	.....18	.....486	.....XXX.....
4. 2001.....	.....335	.....	.....2	.....	.....108	.....	.....	.....	.....19	.....	.....75	.....464	.....XXX.....
5. 2002.....	.....1,282	.....4	.....11	.....	.....274	.....	.....	.....	.....88	.....	.....165	.....1,651	.....XXX.....
6. 2003.....	.....2,847	.....	.....48	.....	.....548	.....	.....	.....	.....118	.....	.....228	.....3,561	.....XXX.....
7. 2004.....	.....6,215	.....	.....56	.....	.....980	.....	.....	.....	.....258	.....	.....432	.....7,508	.....XXX.....
8. 2005.....	.....18,760	.....	.....3,206	.....	.....2,757	.....	.....282	.....	.....1,003	.....	.....808	.....26,009	.....XXX.....
9. 2006.....	.....69,854	.....	.....10,508	.....	.....9,835	.....	.....718	.....	.....4,064	.....	.....1,922	.....94,979	.....XXX.....
10. 2007.....	.....167,316	.....	.....25,225	.....	.....21,952	.....	.....3,017	.....	.....13,647	.....	.....5,953	.....231,158	.....XXX.....
11. 2008.....	.....264,253	.....	.....76,479	.....	.....28,293	.....	.....11,422	.....	.....34,669	.....	.....25,836	.....415,116	.....XXX.....
12. Totals...	.....531,375	.....7	.....115,554	.....0	.....64,880	.....2	.....15,440	.....0	.....53,889	.....0	.....35,439	.....781,128	.....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....	.....	.....XXX.....	.....110	.....23
2. 1999.	.....65,486	.....7,134	.....58,352	.....63.9	.....55.0	.....65.2	.....	.....	.....	.....35	.....28
3. 2000.	.....54,984	.....7,025	.....47,960	.....66.3	.....59.2	.....67.4	.....	.....	.....	.....384	.....101
4. 2001.	.....58,170	.....1,995	.....56,175	.....63.1	.....30.6	.....65.6	.....	.....	.....	.....337	.....127
5. 2002.	.....65,741	.....123	.....65,618	.....64.5	.....19.3	.....64.8	.....	.....	.....	.....1,289	.....362
6. 2003.	.....44,016	.....0	.....44,015	.....53.4	.....(1.0)	.....53.4	.....	.....	.....	.....2,894	.....666
7. 2004.	.....14,412	.....5	.....14,408	.....19.0	.....(119.3)	.....19.0	.....	.....	.....	.....6,270	.....1,238
8. 2005.	.....527,197	.....4	.....527,193	.....76.7	.....20.0	.....76.7	.....	.....	.....	.....21,966	.....4,043
9. 2006.	.....682,654	.....0	.....682,654	.....68.2	.....0.0	.....68.2	.....	.....	.....	.....80,362	.....14,617
10. 2007.	.....870,241	.....0	.....870,241	.....67.5	.....0.0	.....67.5	.....	.....	.....	.....192,541	.....38,616
11. 2008.	.....874,696	.....0	.....874,696	.....71.6	.....0.0	.....71.6	.....	.....	.....	.....340,732	.....74,384
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....646,922	.....134,207

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	One Year	Two Year
1. Prior.....	.....15,703	.....16,670	.....15,959	.....16,361	.....16,364	.....16,373	.....16,816	.....17,363	.....17,456	.....17,243	.....(213)	.....(120)
2. 1999.....	.....49,771	.....52,236	.....52,204	.....51,638	.....51,150	.....51,229	.....52,092	.....52,408	.....52,720	.....52,504	.....(216)	......96
3. 2000.....	.....XXX.....	.....38,703	.....38,617	.....37,801	.....38,719	.....38,593	.....40,508	.....42,905	.....42,947	.....43,653	......706	......747
4. 2001.....	.....XXX.....	.....XXX.....	.....49,728	.....51,717	.....51,259	.....51,172	.....48,050	.....50,654	.....51,323	.....51,078	.....(245)	......424
5. 2002.....	.....XXX.....	.....XXX.....	.....XXX.....	.....55,042	.....56,891	.....56,688	.....53,873	.....55,774	.....58,699	.....58,241	.....(458)	......2,467
6. 2003.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....43,401	.....42,938	.....36,319	.....35,420	.....35,576	.....39,254	......3,678	......3,833
7. 2004.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....38,053	.....15,990	.....10,319	.....14,828	.....12,453	.....(2,375)	......2,134
8. 2005.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....453,086	.....445,064	.....460,838	.....458,656	.....(2,183)	......13,591
9. 2006.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....559,260	.....591,564	.....596,470	......4,906	......37,210
10. 2007.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....757,315	.....762,107	......4,793	.....XXX.....
11. 2008.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....762,357	.....XXX.....	.....XXX.....
12. Totals.....											.....8,393	.....60,382

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
1. Prior.....	.....000.....	.....7,213	.....14,799	.....15,961	.....16,189	.....16,289	.....16,051	.....17,125	.....17,220	.....17,113	.....XXX.....	.....XXX.....
2. 1999.....	.....40,114	.....49,414	.....51,154	.....50,539	.....50,827	.....50,713	.....50,254	.....51,334	.....52,569	.....52,445	.....XXX.....	.....XXX.....
3. 2000.....	.....XXX.....	.....29,748	.....35,976	.....36,717	.....38,000	.....38,271	.....36,437	.....40,180	.....41,440	.....43,182	.....XXX.....	.....XXX.....
4. 2001.....	.....XXX.....	.....XXX.....	.....35,875	.....45,346	.....47,880	.....49,316	.....40,003	.....47,069	.....50,041	.....50,634	.....XXX.....	.....XXX.....
5. 2002.....	.....XXX.....	.....XXX.....	.....XXX.....	.....37,542	.....46,331	.....49,344	.....27,238	.....44,407	.....54,239	.....56,678	.....XXX.....	.....XXX.....
6. 2003.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....26,467	.....34,745	.....(9,324)	.....14,734	.....26,447	.....35,811	.....XXX.....	.....XXX.....
7. 2004.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....19,917	.....(63,189)	.....(29,515)	.....(4,161)	.....5,202	.....XXX.....	.....XXX.....
8. 2005.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....271,427	.....359,287	.....410,254	.....433,650	.....XXX.....	.....XXX.....
9. 2006.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....307,283	.....439,441	.....505,555	.....XXX.....	.....XXX.....
10. 2007.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....399,702	.....544,597	.....XXX.....	.....XXX.....
11. 2008.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....381,910	.....XXX.....	.....XXX.....

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior.....	.....3,513	.....4,633	......271	.....(2)	.....	.....	.....	.....	......16	......20
2. 1999.....	.....4,670	......952	......188	......627	.....(1)	.....	.....	.....	.....	.....
3. 2000.....	.....XXX.....	.....4,968	......539	.....(182)	......132	.....	.....	.....	......0	.....
4. 2001.....	.....XXX.....	.....XXX.....	.....5,230	......625	......340	......153	......5	......2	......4	......2
5. 2002.....	.....XXX.....	.....XXX.....	.....XXX.....	.....5,643	......1,271	......505	.....4,319	......18	......23	......11
6. 2003.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	......6,138	......1,377	.....10,396	.....3,226	......71	......48
7. 2004.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	......6,211	.....18,569	.....8,114	......3,201	......56
8. 2005.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....44,839	.....14,957	......8,171	......3,488
9. 2006.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	......61,004	.....20,964	......11,226
10. 2007.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	......76,532	......28,243
11. 2008.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	......87,901

UNITED FINANCIAL CASUALTY COMPANY
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

		1	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		Active Status	2	3	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges not Included in Premiums	Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
States, Etc.			Direct Premiums Written	Direct Premiums Earned						
1.	Alabama.....AL	L.....	(2)	103			(44)	3		
2.	Alaska.....AK	L.....	6,559,083	3,507,672		649,647	1,692,599	1,042,952	30,567	
3.	Arizona.....AZ	L.....	24,054,350	26,321,358		10,669,819	17,598,254	15,792,210	247,899	
4.	Arkansas.....AR	L.....	20,196,202	21,356,183		7,901,969	12,448,883	9,396,729	174,066	
5.	California.....CA	L.....	179,493,790	199,790,448		91,466,980	135,858,451	121,536,413	1,810,052	
6.	Colorado.....CO	L.....	10,478,434	12,083,350		4,488,804	6,258,395	5,396,571	79,702	
7.	Connecticut.....CT	L.....	(154)	995			(440)	27		
8.	Delaware.....DE	L.....	5,196,726	5,654,449		1,730,580	2,084,121	2,419,346	47,147	
9.	District of Columbia.....DC	L.....								
10.	Florida.....FL	L.....	(107)	349		1,019	751	13		
11.	Georgia.....GA	L.....	(54)	558		(227)	(1,129)	20		
12.	Hawaii.....HI	L.....				98	98			
13.	Idaho.....ID	L.....	7,922,154	8,367,815		4,009,637	4,065,973	2,455,423	84,285	
14.	Illinois.....IL	L.....	(449)	113		(9,369)	(7,449)	46,010		
15.	Indiana.....IN	L.....	(282)	216			(183)	9		
16.	Iowa.....IA	L.....		4			(1)			
17.	Kansas.....KS	L.....	8,043,814	8,126,337		3,579,768	3,790,503	2,748,440	76,992	
18.	Kentucky.....KY	L.....	29,067,985	28,827,837		11,456,187	16,841,957	13,622,593	162,214	
19.	Louisiana.....LA	L.....								
20.	Maine.....ME	L.....	26,255,157	26,691,046		11,406,149	14,429,150	9,322,698	334,111	
21.	Maryland.....MD	L.....	19,041,830	23,474,336		11,543,717	9,811,979	13,892,267	177,693	
22.	Massachusetts.....MA	L.....	2,799,537	2,051,000		858,536	1,258,451	719,325	26,548	
23.	Michigan.....MI	L.....		19			(6)			
24.	Minnesota.....MN	L.....	7,626,009	5,877,139		2,406,571	3,352,160	1,971,343	70,044	
25.	Mississippi.....MS	L.....		23			(17)			
26.	Missouri.....MO	L.....	8,239,921	9,492,147		6,288,884	3,252,995	4,464,563	78,023	
27.	Montana.....MT	L.....	12,144,125	12,073,479		5,690,362	8,191,791	5,334,149	125,113	
28.	Nebraska.....NE	L.....								
29.	Nevada.....NV	L.....	10,275,710	9,511,386		3,205,241	9,872,342	9,965,209	84,910	
30.	New Hampshire.....NH	L.....	4,827,238	4,805,090		1,875,707	1,999,839	3,229,847	54,133	
31.	New Jersey.....NJ	L.....	(754)	3,390		1,296	(2,421)	102		
32.	New Mexico.....NM	L.....	12,156,199	6,948,030		1,447,465	2,971,452	1,529,691	81,043	
33.	New York.....NY	L.....	12,293,482	14,994,827		7,835,579	5,379,150	20,742,531	106,506	
34.	North Carolina.....NC	L.....	17,470,789	17,468,795		5,788,661	9,209,513	9,523,180	162,438	
35.	North Dakota.....ND	L.....	1,082,378	1,014,862		447,762	578,358	321,272	7,898	
36.	Ohio.....OH	L.....	22,963,460	26,351,594		13,754,444	16,615,012	14,965,305	291,411	
37.	Oklahoma.....OK	L.....	29,610,493	29,752,837		12,311,557	18,077,928	11,530,508	233,790	
38.	Oregon.....OR	L.....	(298)	4,101		2,825	1,845	144		
39.	Pennsylvania.....PA	L.....	58,677,198	60,847,477		23,266,044	31,867,773	30,429,612	654,657	
40.	Rhode Island.....RI	L.....	8,954,732	9,486,985		3,584,521	6,188,007	6,102,274	102,121	
41.	South Carolina.....SC	L.....	23,332,847	24,122,807		11,838,230	15,185,493	14,251,742	241,652	
42.	South Dakota.....SD	L.....	1,542,956	1,422,469		1,228,572	1,161,662	740,123	13,062	
43.	Tennessee.....TN	L.....	(7,806)	100,111		955,248	(115,352)	2,706,490	(1,391)	
44.	Texas.....TX	L.....		101		(325)	(404)			
45.	Utah.....UT	L.....	11,232,411	11,751,612		4,019,570	5,520,748	6,343,653	81,062	
46.	Vermont.....VT	L.....	7,576,594	7,935,447		3,135,187	4,175,485	3,582,812	91,981	
47.	Virginia.....VA	L.....	11,157,041	12,583,927		5,773,815	6,777,657	6,856,570	88,567	
48.	Washington.....WA	L.....	19,969,771	21,140,770		9,086,904	10,793,920	13,387,029	203,102	
49.	West Virginia.....WV	L.....	7,654,204	6,938,883		2,045,576	5,105,978	4,215,597	23,423	
50.	Wisconsin.....WI	L.....	(37)	(17)			(19)	(6)	20	
51.	Wyoming.....WY	L.....								
52.	American Samoa.....AS	N.....								
53.	Guam.....GU	N.....								
54.	Puerto Rico.....PR	L.....								
55.	US Virgin Islands.....VI	N.....								
56.	Northern Mariana Islands.....MP	N.....								
57.	Canada.....CN	N.....								
58.	Aggregate Other Alien.....OT	XXX.....	0	0	0	0	0	0	0	0
59.	Totals.....	(a).....52	627,886,677	660,882,460	0	285,743,010	392,291,208	370,584,789	6,044,841	0

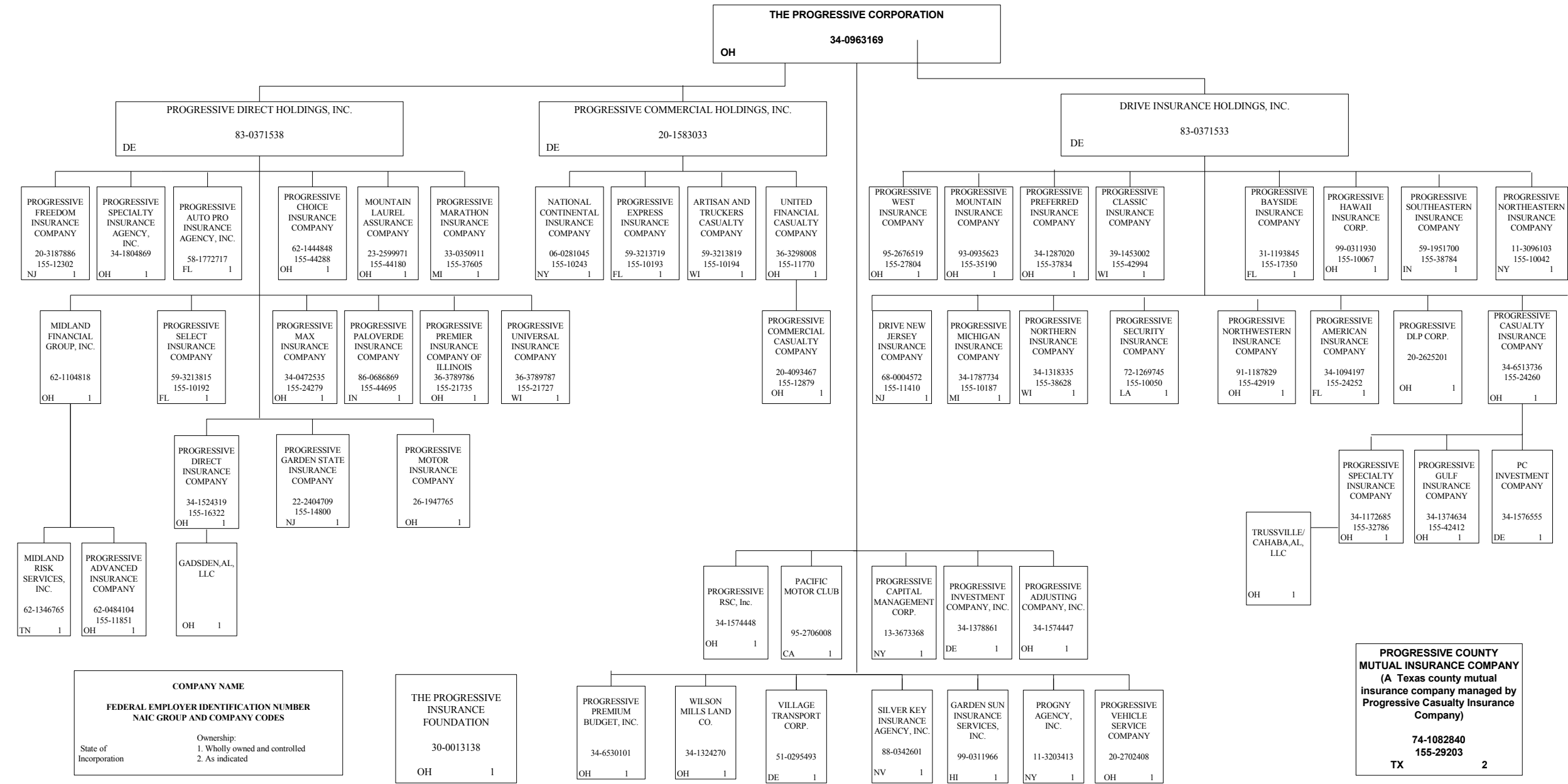
DETAILS OF WRITE-INS

5801. ....	...XXX....									
5802. ....	...XXX....									
5803. ....	...XXX....									
5898. Summary of remaining write-ins for Line 58 from overflow page	...XXX....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above)	...XXX....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

(a) Insert the number of "L" responses except for Canada and Other Alien.
Explanation of Basis of Allocation of Premiums by States, etc.
Allocation on the basis of the location where the vehicle is principally garaged and used.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

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